

1 UNITED STATES DISTRICT COURT
 2 SOUTHERN DISTRICT OF NEW YORK
 3

4 TREMONT SECURITIES LAW, STATE) MASTER FILE NO.: 08 CIV. 1117 (TPG)
 5 LAW AND INSURANCE LITIGATION)
 6 This Documents Relates To:) DECLARATION OF LAYN R. PHILLIPS IN
 7 All Actions.) SUPPORT OF FINAL APPROVAL OF
) SETTLEMENT
)

8 I, Layn R. Phillips, declare as follows:

9 1. I am a partner in the law firm of Irell & Manella LLP where I specialize in complex
 10 civil litigation and alternative dispute resolution. The vast majority of my time is devoted to
 11 alternative dispute resolution, as I founded the Irell & Manella Center For Alternative Dispute
 12 Resolution. I am a member of the bars of Oklahoma, Texas, California and the District of
 13 Columbia, as well as the U.S. Courts of Appeals for the Ninth, Tenth and Federal Circuits.

14 2. Before joining Irell & Manella LLP, I served as a United States District Judge in
 15 the Western District of Oklahoma from 1987 to 1991. During my years on the bench, I presided
 16 over more than 140 trials in Oklahoma, New Mexico and Texas. I have also sat for the United
 17 States Court of Appeals for the Tenth Circuit in Denver, Colorado by designation on several
 18 occasions. I am a Fellow in the American College of Trial Lawyers. I also serve on the National
 19 Panel of the International Institute of Conflict Prevention Resolution.

20 3. Because of my experience, I am often asked by litigants and their attorneys in
 21 complex civil cases to serve as a mediator, particularly in complex shareholder and securities
 22 litigation. In recent years, I have successfully mediated dozens of shareholder derivative and
 23 securities fraud cases pending in various courts across the United States, including numerous cases
 24 pending in the Southern District of New York.

25 4. I served as a mediator for the settlement negotiations involving the shareholder and
 26 derivative actions on behalf of investors and purchasers of insurance products invested in the Rye
 27 Funds and Tremont Funds (collectively, "Settlement Class Members"), pending before the United
 28

1 States District Court for the Southern District of New York, captioned *In re Tremont Securities*
 2 *Law, State Law and Insurance Litigation* (the "Action").

3 5. At my request, and as is typical in mediations, the parties' negotiations were
 4 conducted in confidence and under my supervision. Plaintiffs have requested that I give this
 5 declaration to describe my impressions of the nature of the parties' discussions and my opinion of
 6 the Settlement reached. My statements and those of the parties during the mediation are subject to
 7 a confidentiality agreement, and I am not authorized to waive and do not intend to waive that
 8 agreement. I offer this declaration in support of approval of a highly contentious and extensively
 9 negotiated proposed Settlement, which I believe confers substantial benefits upon, and is in the
 10 best interests of, Settlement Class Members.

11 6. The negotiations ultimately led to the Settlement currently being considered by the
 12 Court for final approval. These lengthy settlement negotiations included multiple in-person
 13 mediation sessions, including on March 17 and 18, 2010. The last mediation session was
 14 conducted with the assistance of the Honorable Thomas R. Brett (retired) acting as arbitrator, and
 15 resulted in an agreement among Plaintiffs' Settlement Counsel on the allocation of Settlement
 16 proceeds as between the State Law and Securities Subclasses, on the one hand, and the Insurance
 17 Subclass, on the other hand.

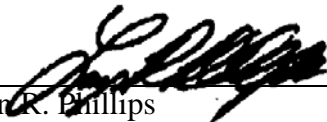
18 7. The mediation process involved reading the extensive confidential mediation
 19 briefs, reviewing the evidence submitted, and conducting an analysis of the parties' factual and
 20 legal positions, including the merits of Plaintiffs' claims and the Defendants' defenses thereto.

21 8. During the mediation, I guided the discussion between and among the parties'
 22 respective counsel regarding their clients' positions on key settlement components. On March 18,
 23 2010, the parties, through their respective counsel, reached an agreement in principle to settle the
 24 Actions, where the essential terms were contained in the executed Memorandum of
 25 Understanding, and thereafter the written agreement culminated in the execution of the Stipulation
 26 of Partial Settlement on February 25, 2011 (the "Stipulation").

27 10. Based on the materials provided to me by the settling parties and my participation
 28 in the process, I am familiar with the factual and legal issues involved in the Action, including the

1 allegations asserted by Plaintiffs in the Action and the defenses to liability and damages asserted
2 by the Defendants. There is no question in my mind that the Settlement and allocation of proceeds
3 agreed upon by the parties represents a considered judgment by Plaintiffs' Settlement Counsel,
4 who are among the most capable and experienced lawyers in the country, and who took on a risky
5 and complicated case requiring years of effort, and that the proposed Settlement is not only fair
6 and reasonable, but an excellent result for Settlement Class Members. I respectfully submit that
7 the Settlement and allocation are fair, reasonable and adequate and should be approved by this
8 Court. I believe that the Settlement and allocation were negotiated by the parties at arm's-length,
9 carefully and in good faith, and that the negotiations were hard-fought and resulted in the best
10 possible recovery and allocation under the circumstances.

11 I declare under penalty of perjury under the laws of the United States of America that the
12 foregoing is true and correct and that I executed this Declaration at Newport Beach, California on
13 May 23, 2011.

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15 
16 Layn R. Phillips